

Baseball rights: a slow, rising curve

Long-term network contracts work to keep annual increase down, but free-agent stars such as Pete Rose help drive up local rights and boost total to over \$54 million

Major league baseball, though locked into the final year of four-year contracts with the television and radio networks, will realize \$54.5 million for broadcast rights in the 1979 season.

That is nearly \$2 million more than the majors received from the networks, stations and individual rights holders last year. The admission price then to take cameras and mikes into the 26 ball parks of the American and National Leagues came to \$52,510,000.

This year's increase is mostly a spring harvest of manipulations last fall by such diamond stars as Pete Rose, who was lured to the Philadelphia Phillies by a \$3.2-million, four-year contract. The local TV rights holder, WPHL-TV, has agreed to guarantee \$600,000 of the former Cincinnati star's first year's salary (see page 116).

In 1979, the networks' portion of rights payments will remain at \$23,275,000. There is no question that after that the proliferation of expenses at the clubs, escalated primarily by free-agent bargaining, will run the broadcast price up next year. It's just a question of how much.

The rights payments to baseball have in-

creased only moderately in the past decade (see table below), but organized baseball is aware of dramatic jumps in payments in other sports. For example, new network contracts with the National Football League and the National Collegiate Athletic Association kicked up the price of football a breath-taking 142% between 1977 and 1978 (BROADCASTING, Aug. 7, 1978).

And with an eye to make their product more attractive, there is some sentiment in the majors for a restructuring of the leagues to create more divisions, more

play-offs and further whet fan interest.

On the television side in 1979, ABC-TV and NBC-TV will be finishing the final year of their \$92.8-million contracts that began in 1976. Under an alternating pattern, ABC-TV will carry the World Series and NBC-TV will cover the All-Star Game and the fall league playoffs.

As they did last year, ABC-TV will offer *Monday Night Baseball* and NBC-TV its *Game of the Week* on Saturdays. For all four years, ABC-TV has been paying a total of \$50 million and NBC-TV \$42.8 million.

ABC-TV will be charging advertisers \$62,000 per minute (up \$4,000 from last year) in *Monday Night Baseball*. Its contract calls for the telecasts on 18 Mondays with no games May 7 and 14. However, there is the possibility that this season's arrangement could change in conjunction with negotiations over a new contract for upcoming years.

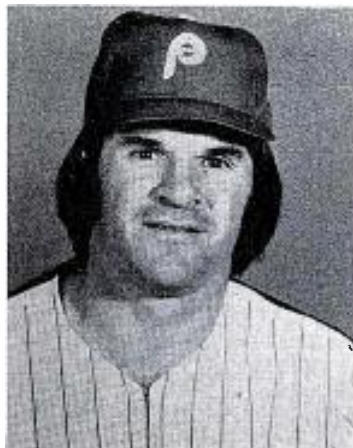
Major sponsors already on board for Monday are Miller Brewing (McCann-Erickson), Texaco (Benton & Bowles), Allstate Insurance (Leo Burnett) and Chevrolet (Campbell-Ewald). Miller Brewing, Allstate and Chevrolet also are major advertisers in the World Series, where each minute will cost \$200,000, up from \$180,000 last year. Announcers have not been named.

NBC-TV's All-Star Game is slated for

Baseball bounce

How the radio-TV rights paid to the major leagues rose in the last decade, as ported annually in BROADCASTING:

1970.....	\$37,800,000
1971.....	40,451,000
1972.....	41,185,000
1973.....	42,385,000
1974.....	43,245,000
1975.....	44,495,000
1976.....	50,820,000
1977.....	52,110,000
1978.....	52,510,000
1979.....	54,500,000



A matter of economics. When a baseball team is out to sign one of the superstars, the TV station that covers its games has a major stake in the pursuit as well—a fact not overlooked by WPHL-TV Philadelphia as the Phillies went after free agent Pete Rose last November.

It looked for a while as though the team would be outbid by its competitors. But at the last minute WPHL-TV stepped in to help the Phillies up their offer by sweetening its rights fee: Instead of giving the team a 50% share of advertising revenues once they exceeded a certain amount, the station guaranteed a flat bonus of \$600,000. The logic was simple, according to WPHL-TV President and General Manager Eugene McCurdy—if the Phillies got Pete Rose, advertising sales stood an excellent chance of making up the difference.

"So rather than making it an iffy thing, we made it a sure thing," Mr. McCurdy said. Although he wouldn't speculate on what the Phillies' take might have been had the sliding scale obtained, he felt it probably would have been "within reach" of the \$600,000 amount anyway—if the former Cincinnati Reds star was aboard. And, contrary to some reports, Mr. McCurdy said the guarantee applies only to the first year of WPHL-TV's new three-year contract, meaning the station gets the advantage of Mr. Rose's draw for the remaining two years at the same time it has its percentage deal protection.

Has the arrangement paid off? The answer appears to be yes for both the Phillies and the station. There have been indications that the Phillies may sell as many as 5,000 more season tickets this season than they have in previous years. As a CBS-TV *60 Minutes* report on Mr. Rose put it Feb. 25: "If that's true, Philadelphia will take in two million dollars this coming year before he picks up a bat, ball or glove."

As for WPHL-TV, Mr. McCurdy won't go into details, but he says, "Our sales are ahead, sharply." Asked if prices were similarly ahead, he replied, "We didn't go out and rewrite our rate card, if that's what you mean. But advertising sales are a function of supply and demand. Our rates are up, yes, but so are our sales." And the Phillies with Pete Rose have become a lot more of a self-selling item than the Phillies without Pete Rose, Mr. McCurdy said. "No matter if you're talking to a timebuyer in Minneapolis or a rep in New York," he said, "there isn't a soul who says, 'Pete who?'"

Tuesday, July 17, and the network will be averaging \$180,000 per minute (up from \$140,000 last year). Major sponsors are Chrysler (BBDO), Gillette (BBDO), Coca-Cola (McCann-Erickson) and Miller Brewing (McCann-Erickson).

The playoff games will run about \$150,000 per minute (up from \$110,000 last year) in prime time and \$90,000 per minute for daytime games. Major playoff sponsors are Chrysler (BBDO), Gillette (BBDO), Miller Brewing (McCann-Erickson), Eaton automotive parts (J. Walter Thompson) and Kentucky Fried Chicken (Young & Rubicam).

NBC will launch its *Saturday Game of the Week* series tentatively April 7 with the primary game pitting the New York Yankees against the Milwaukee Brewers; the secondary game tentatively is the Philadelphia Phillies versus the St. Louis Cardinals. Major sponsors here—where a minute will go for about \$45,000 (up \$5,000 from last year)—are Chrysler (BBDO), Gillette (BBDO), Goodyear (Campbell-Ewald), Miller Brewing (McCann-Erickson), Mennen (SSC&B), State Farm Insurance (Leo Burnett) and J.B. Williams (Parkson). Primary announcers for the season so far are Joe Garagiola and Tony Kubek, with others to be named later.

CBS Radio reportedly is paying more than \$300,000 for its four-year contract for major league baseball that began in 1976. Its package of 44 60-second spots in the

All-Star Game, the American League and National League championships and the World Series (games, pregame and postgame shows) sells for \$205,000. That's an increase from last year's \$184,000.

Announcers for the July 17 All-Star Game are Vin Scully (play-by-play) and Brent Musburger (color).

CBS Radio is particularly proud of its score in the 1978 World Series.

It cites a network-commissioned survey by Opinion Research Corp. which shows the 1978 World Series attracted a total radio audience of 48 million (adults 18 years and older) to one or more of the six games between New York and Los Angeles. This represented 32% of all adults and they reported listening to an average of 3.1 games, according to ORC's research.

"Obviously, the Yankees weren't the only winners in the World Series," observed Richard M. Brescia, vice president and general manager of the CBS Radio Network. "Our affiliates benefitted from great listener interest in our broadcasts . . . and, you could say our advertisers joined in the winners' circle too."

That satisfaction carries over generally to the local radio and television front,

Text continues on page 122; for team-by-team breakouts of the local radio and television baseball story, see page 118.

AMERICAN LEAGUE EAST

<i>Team</i>	<i>1979 rights</i>	<i>1978 rights</i>	<i>TV originator and affiliates</i>	<i>Radio originator and affiliates</i>	<i>Rights holder</i>
Baltimore Orioles	\$950,000	\$825,000	WMAR-TV 3	WFBR 50	WMAR-TV holds TV rights; WFBR holds radio rights.
Boston Red Sox	2,450,000	2,450,000	WSBK-TV 6	WITS 79	WSBK-TV holds TV rights; WITS holds radio rights.
Cleveland Indians	900,000	900,000	WJWK-TV	WWWE 30	WJKW-TV holds TV rights; WWWE holds radio rights.
Detroit Tigers	1,300,000	1,300,000	WDIV 6	WJR 50	WDIV holds TV rights; WJR holds radio rights.
Milwaukee Brewers	600,000	600,000	WTMJ-TV 4	WTMJ 57	WTMJ Inc., holds TV and radio rights.
New York Yankees	1,300,000	1,300,000	WPIX 10	WINS 60	WPIX holds TV rights in combination with Yankees; Yankees retain radio rights.
Toronto Blue Jays	1,200,000	1,200,000	CBC-TV 22	CKFH 20	Hewpex Sports Network holds TV and radio rights.

AMERICAN LEAGUE WEST

California Angels	\$1,000,000	\$1,000,000	KTLA	KMPC 19	Golden West Broadcasters (KTLA and KMPC), which is under common ownership with the California Angels, holds broadcast rights.
Chicago White Sox	1,750,000	1,750,000	WSNS	WMAQ	WSNS holds TV rights; WMAQ holds radio rights.
Kansas City Royals	350,000	350,000	KBMA-TV 6	WIBW Topeka 92	KBMA-TV holds TV rights; WIBW holds radio rights.
Minnesota Twins	1,125,000	1,100,000	KMSP-TV	WCCO 25	Midwest Federal Savings & Loan Association holds TV and radio rights.
Oakland A's	1,000,000	1,000,000	KPIX	Being negotiated	KPIX holds TV rights.
Seattle Mariners	800,000	800,000	KING-TV 4	KVI 11	Seattle Mariners retain TV and radio rights; KVI sells for radio.
Texas Rangers	700,000	700,000	KXAS-TV 16	WBAP 20	City of Arlington, Tex., holds TV and radio rights under 10-year contract, with sales handled through city's Arlington Entertainment Division.

NATIONAL LEAGUE EAST

Chicago Cubs	\$1,500,000	\$1,500,000	WGN-TV 8	WGN TBA	WGN-TV holds TV rights; WGN holds radio rights.
Montreal Expos	1,200,000	1,200,000	CBC-TV 13	CFCF 3 CKAC 22	CBC-TV holds TV rights; CFCF holds English language radio rights; CKAC holds French language radio rights.
New York Mets	1,500,000	1,500,000	WOR-TV	WMCA TBA	WOR-TV holds TV rights; WMCA holds radio rights.
Philadelphia Phillies	2,950,000	1,200,000	WPHL-TV 3	KYW 33	WPHL-TV holds TV rights; Philadelphia Phillies retain radio rights.
Pittsburgh Pirates	1,200,000	1,200,000	KDKA-TV	KDKA 40	Group W/Westinghouse is broadcast rights holder.
St. Louis Cardinals	1,000,000	1,000,000	KSD-TV 12-16	KMOX 90	Anheuser-Busch, under common ownership with the St. Louis Cardinals, holds TV-radio rights.

NATIONAL LEAGUE WEST

Atlanta Braves	\$1,000,000	\$1,000,000	WTCG	WSB 60	WTCG is TV rights holder under arrangement with commonly owned Atlanta Braves; Braves retain radio rights and selling.
Cincinnati Reds	1,000,000	1,000,000	WLWT 10	WLW 115	WLWT holds TV rights; Cincinnati Reds retains radio rights.
Houston Astros	1,000,000	1,000,000	KRIV 13	KPRC 27	Houston Astros retain TV and radio rights.
Los Angeles Dodgers	1,800,000	1,800,000	KTTV	KABC 22 KLVE(FM) & KTNQ(FM) in Spanish	Los Angeles Dodgers retain TV and radio rights, selling through Dodgers Radio and TV network.
San Diego Padres	800,000	710,000	XETV 3	KFMB	XETV holds TV rights; KFMB holds radio rights.
San Francisco Giants	850,000	850,000	KTVU 3	KNBR 8	KTVU holds TV rights; KNBR holds radio rights.

AL total	\$15,425,000	\$15,275,000
NL total	\$15,800,000	\$13,960,000
Major total	\$31,225,000	29,235,000

Not included in the table is ABC's payment for nationally televised games that will amount to \$12.5 million this year and NBC's payment for nationally televised games that will amount to \$10.7 million this year. Both are under a four-year contract that began in 1976. In addition, CBS in 1976 acquired radio rights for four years under a contract reported to be in excess of \$300,000.

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where rights holders are all in place, except in Oakland. The annual rumors about the possibility of a franchise switch by the A's slowed down negotiations for a radio originator—as they did last spring. The situation was still unsettled as of last Wednesday.

Conversely, the Baltimore Orioles team, which for the past decade has been beset by reports of franchise sales and/or switches to other cities, will be coming into 1979 in a strong broadcast position. Radio and TV rights had been held by Carling National Brewing Co., which has interlocking ownership with the Orioles. This year, however, WMAR-TV and WFBZ(AM) have taken over and both report brisk sales.

WTCG(TV) Atlanta will be bidding to enhance further its superstation image, telecasting 100 of the 1979 Braves games (97 in the regular season). Last year, the station, under common ownership with the Braves, fed 100 games to 2.2 million homes in 42 states. Last week, WTCG estimated its satellite feeds of baseball play-by-play would be carried by 680 cable systems to three million homes in 47 states by the start of the regular season the first week of April.

Key to much of baseball's coverage in the coming season will be The Robert Wold Co., which expects 23 of the 26 major league radio rights holders or their stations to be using Wold's radio and television interconnection services. Wold also will be dealing with some television packagers.

Radio clients that will be using satellite transmission are WGN(AM) (Chicago Cubs), WLW(AM) (Cincinnati Reds), KABC(AM) (Los Angeles Dodgers), KMOX(AM) (St. Louis Cardinals), KFMB(AM) (San Diego Padres), WITS(AM) (Boston Red Sox), KMPC(AM) Los Angeles (California Angels), WMAQ(AM) (Chicago White Sox), WIBW(AM) Topeka, Kan. (Kansas City Royals), WCCO(AM) (Minnesota Twins), Adler Communications (New York Yankees) and KDKA(AM) (Pittsburgh Pirates).



Number ones. Toyota Motor Sales U.S.A., saying it was leader in auto imports in 1978, asked "Why break up a winning team?" as it renewed New York Yankee sponsorship for 1979. Being capped by Bob Lemon (left), manager of the World Series winner, is Isao Makino, president of Toyota Motor Sales U.S.A.

Finance

NBC's profit drops in '78, but RCA over-all posts increases

While revenues rise 10.9%, pre-tax income for broadcast division falls from \$153 million in '77 to \$122 million, due to high cost of program development, according to President Griffiths

RCA Corp.'s annual report shows that broadcasting was the only segment of its business to show a decline in 1978 pre-tax profit, sliding to \$122.1 million from \$152.6 million in 1977.

All other entities achieved record increases and contributed to RCA's all-time high year of \$278.4 million in net income on revenues of \$6.65 billion (BROADCASTING, Jan. 22).

The decline in broadcasting pre-tax profit came as its revenues rose to \$1.2 billion in 1978 from \$1.1 billion in 1977. Edgar H. Griffiths, president of RCA, noted that earnings at NBC in 1978 fell 20% as a result of "the heavy cost of jettisoning unsuccessful programs and launching the most ambitious campaign of program development ever undertaken."

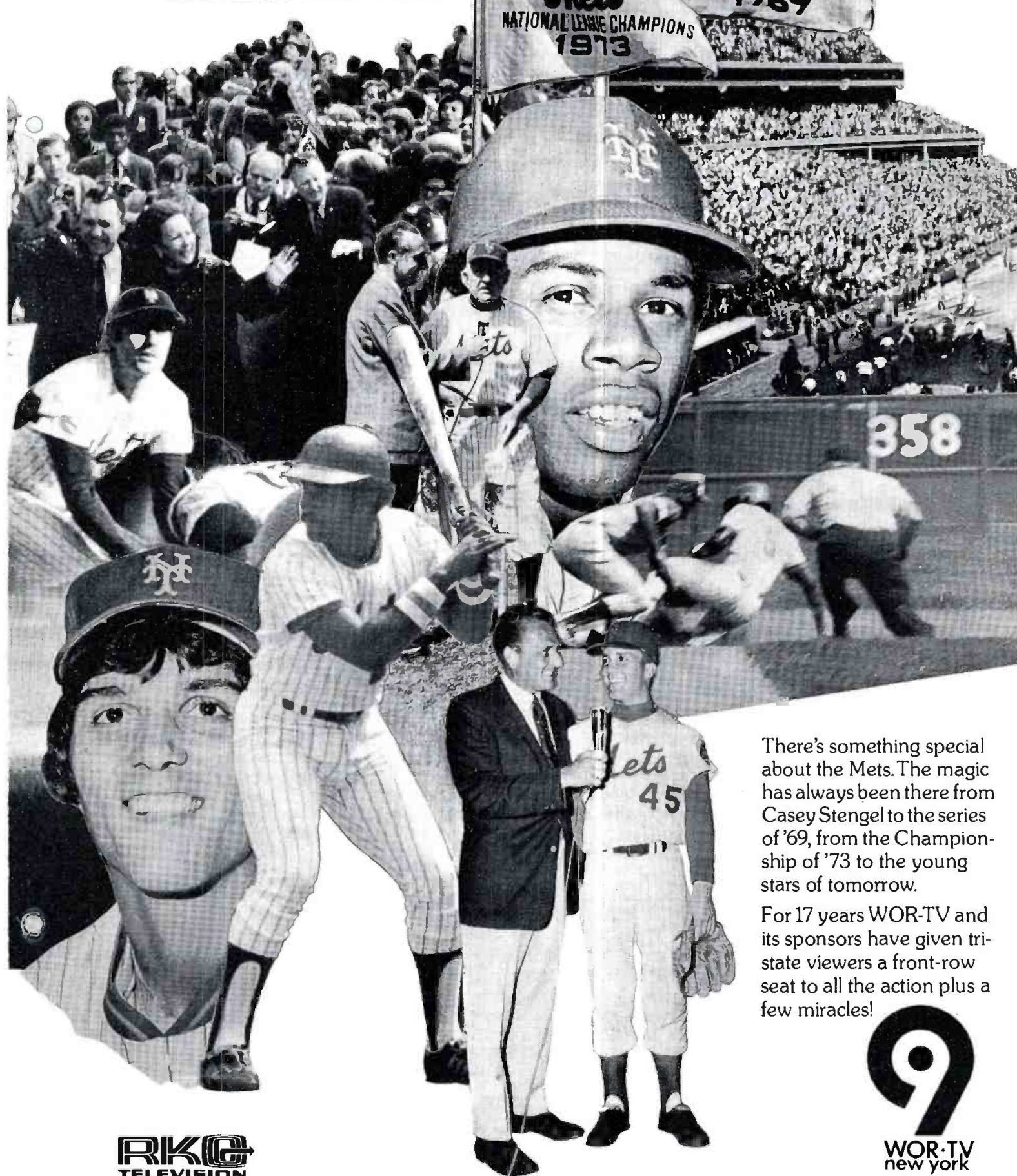
He pointed out that NBC hired Fred Silverman as NBC's president and chief executive officer in 1978 and Jane C. Pfeiffer as board chairman later that year. Mr. Griffiths said their impact on NBC's program popularity may not become apparent until the 1979-80 season.

The growth of RCA's other entities was underlined in a statement by Mr. Griffiths in the report: "In 1975 RCA depended on NBC for 31% of its business-segment earnings; in 1978, NBC accounted for only 18% of these earnings and indeed was surpassed for the first time in recent years as the corporation's number-one profit contributor by the vigorous progress of Hertz." (RCA said Mr. Griffiths was referring to single units within RCA; Electronics-Consumer Products and Services topped Hertz as a profit center but this grouping encompasses a number of business activities.)

Leading the listing of profit contributors was Electronics-Consumer Products and Services with pre-tax profit of \$164.6 million on sales of \$1.73 billion, up from \$158.6 million and sales of \$1.5 billion in 1977. In second place was Vehicle Renting and Related Services (Hertz) with pre-tax profit of \$153.6 million on sales of \$938.3 million, up from \$131.3 million on sales of \$837.5 million in 1978.

Other business segments of RCA and their contributions are: Electronics-Commercial Products and Services, with pre-tax profit of \$87.4 million on sales of \$838.8 million, as against \$71.2 million and \$759.5 million in 1977; Other Pro-

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